

Washington State Auditor's Office

Audit Report

City of Clyde Hill King County

Audit Period
January 1, 2000 through December 31, 2000

Report No. 62732

Issue Date
October 24, 2001



Washington _____
State Auditor

Brian Sonntag

Audit Summary

**City of Clyde Hill
King County
January 1, 2000 through December 31, 2000**

ABOUT THE AUDIT

This report contains the results of our annual independent audit of the City of Clyde Hill for the period January 1, 2000, through December 31, 2000.

We performed audit procedures to determine whether the City complied with state and local laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated internal controls established by City management. Our work focused on specific areas that have potential for abuse or misuse of public resources.

RESULTS

The City complied with state and local laws and its own policies and procedures. The City's internal controls are designed appropriately to address its financial risks and are in balance with the size of the organization. Its financial statements are complete and accurate.

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King County
January 1, 2000 through December 31, 2000**

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Description of the City

City of Clyde Hill King County January 1, 2000 through December 31, 2000

ABOUT THE CITY

The City of Clyde Hill is a residential community of approximately 3,000 people. It is located outside of the City of Bellevue and east of Lake Washington. It has a mayor-council form of government with five elected Council Members and an independently elected Mayor. The City Council's primary responsibility is to establish the policy, direction and goals for the City. The 2000 budget is approximately \$3 million. The City employs 17 people and provides the following services to its residents:

- Police
- Parks and Recreation
- Public works/planning/permits

The City of Bellevue provides fire as well as water and sewer services. The City of Kirkland provides Municipal Court services. The Public Works Director is also the City Engineer.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor	George S. Martin
Council Members:	Michaelleen Berger
	Patrick Hawkins
	James Hillman
	Dean Messmer
	Philip Rourke

APPOINTED OFFICIALS

Administrator-Clerk/Treasurer	Mitch Wasserman
Police Chief	William J. Archer
Public Works Director	Allan Newbill
Attorney	John D. Wallace

ADDRESS

City	9605 Northeast 24 th Street Clyde Hill, WA 98004-2141
Attorney	Ogden, Murphy and Wallace Suite 2100 1601 Fifth Avenue Seattle, WA 98101-1686

Audit Areas Examined

City of Clyde Hill King County January 1, 2000 through December 31, 2000

In keeping with general auditing practices, we do not examine every portion of the City of Clyde Hill's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Ethics/conflict of interest
- Budget adoption and compliance
- Legal investments
- Police citations
- Insurance
- Timely deposit of public funds
- Council approval of expenditures
- Competitive bidding on public works

INTERNAL CONTROL

We evaluated the following areas of the City's internal control structure:

- Cash receipts
- Cash disbursements
- General ledger/journal entries
- Payroll
- Fixed assets

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Cash and investments
- Interfund activity
- Payroll expenditures
- Property tax revenue
- State shared revenue
- Interest revenues

Audit Overview

**City of Clyde Hill
King County
January 1, 2000 through December 31, 2000**

AUDIT HISTORY

We audit the City of Clyde hill annually. The City has been very receptive to our recommendations for improvements in its internal controls. Management has an appropriate level of oversight to ensure that assets are safeguarded. The City has a long history of compliance with laws and regulations as well as accurate and timely financial reporting. There have been no recent audit findings.

CONCLUSIONS

The City complied with state and local laws and regulations and its own policies and procedures. The City's internal controls are designed appropriately to address its financial risks and are in balance with the size of the organization. Its financial statements are complete and accurate.

We thank the City's officials and staff for their cooperation and assistance during the audit.

Independent Auditor's Report on Compliance with State Laws and Regulations

**City of Clyde Hill
King County
January 1, 2000 through December 31, 2000**

Mayor
City of Clyde Hill
Clyde Hill, Washington

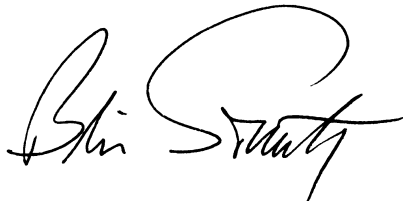
We have audited the financial statements of the City of Clyde Hill, King County, Washington, as of and for the year ended December 31, 2000, and have issued our report thereon dated August 1, 2001.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the City's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the City and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the City complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

August 1, 2001

Independent Auditor's Report on Financial Statements

City of Clyde Hill King County January 1, 2000 through December 31, 2000

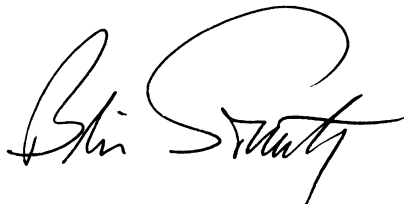
Mayor
City of Clyde Hill
Clyde Hill, Washington

We have audited the accompanying financial statements of the City of Clyde Hill, King County, Washington, for the year ended December 31, 2000. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the City prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the City of Clyde Hill for the year ended December 31, 2000, on the cash basis of accounting described in Note 1.



BRIAN SONNTAG, CGFM
STATE AUDITOR

August 1, 2001

Financial Statements

**City of Clyde Hill
King County
January 1, 2000 through December 31, 2000**

FINANCIAL STATEMENTS

Combined Balance Sheet – All Fund Types and Account Groups – 2000
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – 2000
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
 Actual (Cash Basis) – All Governmental Fund Types – 2000
Notes to Financial Statements – 2000